

January 9, 2006

Tina W. Chin, Hearing Officer
Department of Telecommunications and Energy
Legal Division
One South Station, 2nd Floor
Boston, MA 02110

Dear Ms. Chin:

This letter is to transmit the Statewide Emergency Telecommunications Board (SETB) revised revenue & expense projection for the Wire-Line Enhanced 9-1-1 Trust Fund for the period through December 31, 2007. The projection is attached. This information is provided to support the Department of Telecommunications and Energy (DTE) proceeding to establish a final surcharge rate as required by 220 CMR 16.00.

The total anticipated revenue for the entire period, based on the current interim surcharge of \$0.85 per month, is \$153,968,121. The average number of access lines has been decreasing at a rate of approximately 2.4% since FY 2004; we assume that same decrease through FY 2008 for the purposes of this projection. (It is important to note that the original estimate of access lines provided to DTE by Verizon in 2003 was 5,136,378 – nearly 25% more than the highest actual access line count of 3,837,152 from FY 2004).

The total anticipated expenses for the entire period -- based on actual spending in FY 2004 and 2005 and projections of agency expenses and contracts with Verizon for Enhanced 9-1-1, disability access programs, and deficit reduction -- is \$162,356,032.

As you can ascertain from the projection, the fund would go into deficit in FY 2007 at the interim surcharge level. Setting the final surcharge at a minimum of \$1.11 effective July 1, 2006 would provide adequate revenue to cover all known expenses through half of FY 2008 (December 31, 2007); the calculations to support the proposed rate are contained in the attachment.

In addition to the established program and project costs identified, the SETB Board is considering the establishment of a program to reimburse training costs borne by municipalities who train their Enhanced 9-1-1 call-takers and dispatchers to standards to be set by the SETB. Though there has been no definitive SETB Board action on this item, it is possible that such action may be taken during this proceeding or at a subsequent time. It would be necessary to further adjust the surcharge rate if this were to happen.

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Please feel free to contact me for further information. We look forward to the process of setting a final surcharge that will allow for the Enhanced 9-1-1 programs to be adequately funded through 2007, and to further discussions with DTE over the next year to prepare a report to the Legislature about the post-2007 funding paradigm.

Sincerely,

PAUL J. FAHEY
Executive Director

cc: Service List

enclosure